GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2443
ANSWERED ON:09.08.2005
G-20 NATIONS ON EXPORT SUBSIDY
Singh Shri Rajiv Ranjan (Lalan);Suman Shri Ramji Lal

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether G-20 nations under the World Trade Organization have taken some steps to change the attitude of the developed countries which provide agricultural products and support to domestic agricultural production;

(b) if so, the details in this regard; and

(c) the quantum of financial assistance being provided by those developed countries in the form of support and subsidy in comparison to cost of production?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a) and (b): As a result of the concerted efforts of the G-20 countries, of which India is a founder Member, the negotiations have culminated in agreement on the Framework Agreement of July 2004 of the World Trade Organisation (WTO) to eliminate all forms of export subsidies by a credible end date and to substantially reduce trade- distorting domestic support provided mainly by the developed countries on the basis of a tiered approach, with Members providing the higher levels of support committing to steeper cuts. It has also been agreed to cap Blue Box payments at 5% of the total value of agricultural production, and to negotiate strengthened criteria for domestie support measures that qualify for the Blue Box or the Green Box consistent with the mandate to negotiate agreed at the Doha Ministerial Meeting of the WTO in November 2001 and the 2004 Framework. It has been further agreed that substantial improvements in market access will be provided with developing countries undertaking proportionately lower commitments than developed countries. In addition instruments such as Special Products and a new Special Safeguard Mechanism in agricultural products of developing countries have been agreed to safeguard their food security and livelihood concerns and rural development needs. Since then, the G-20 countries have been meeting regularly at Ministerial and Officials` levels, as necessary, in order to formulate their strategy and approach to achieve their objectives in the detailed modalities and the further commitments of WTO Members under negotiation. The negotiations are expected to conclude by December 2006.

(c): Costs of production are not notified by developed countries to the WTO. However, a statement on the percentage producer support estimates, which measure the value of producer support as a share of gross farm receipts, calculated by the Organisation for Economic Cooperation and Development (OECD) for certain developed countries is attached.